

Understanding Design Patent Protection and the Patent Law of the PRC

- China.direct.biz, by Noam David Stern and Daisy Du (10 November 2020), Update



For overseas SMEs doing business in China, protecting their Intellectual Property Rights (IPR) is essential to safeguard company revenue, reputation, and brand. Most companies understand the need to protect their trademarks like company name, brand and logo in China but with design often being the unique feature of most consumer products, this has become an increasingly important area within IPR protection in China.

Design Patent Protection

Whereas in Europe it is possible to get original design-work protected as either Registered Community Design (25 years protection) and Unregistered Community Design (3 years protection), designs in China must be registered to be protected. A European registered design patent has no legal effect in China.

In China, design patents are protected according to the latest version of the 'Patent Law of the PRC' that took effect on **1 October 2009**.

The '**China National Intellectual Property Administration**' (CNIPA) under the newly established 'State Administration of Market Regulation' (SAMR) is responsible for patent registrations in China.

According to **Article 2** of the Patent Law, *"Design refers to a new design that is aesthetically pleasing and suitable for industrial applications such as the shape or pattern of a product or combination thereof and a combination of colours, shape or pattern."*

Moreover, **Article 23** states that “A design in which a patent right is granted, when compared to existing designs or a combination of the features of existing designs, shall possess a clear distinction.”.

The extent of the design patent protection is limited to the design of the product as shown in the drawings or pictures where a brief description of the given design can be included.

On 4 January 2019, the 4th draft of the new Patent Law was released for review which among others raises the statutory damages for patent infringement and holds Internet service providers liable if they fail to cease services for infringement-related activities.

Design Patent Application

Design patent applications can either be filed directly through CNIPA or via a contracting member state of the Paris Convention for the Protection of Industrial Property or the Patent Cooperation Treaty both of which China has signed.

As in Europe, if two or more applicants apply for a patent for the same design separately, the patent right shall be granted to the first applicant according to the **First-to-file** system.

Moreover, the design must be considered an **Absolute Novelty**, whereby it cannot have been disclosed, published, or commercialized anywhere in the world prior to the filing of the patent application in China.

Within six months from the application date for a design patent overseas, it is possible to claim for **Pre-emptive Right** in China and get full IP protection in China retroactively.

Please note that the design protection in China only starts after the design patent has been granted.

Overseas companies should use a local patent agency or lawyer in China whereas foreign registered companies in China can apply on their own.

Design Patent Registration

After the design patent application has been checked and accepted by CNIPA, it will go through a preliminary examination.

Unless rejected, Chinese design patents are normally granted by CNIPA within 6-9 months and published in the weekly Patent Gazette (hard copy only). A Design Patent Certificate will then be issued.

The design registration gives the patent owner exclusive usage rights for a maximum of ten (10) years from the application date and cannot be extended. During this time, no entity or individual can exploit the design patent without written permission and the payment of royalties.

Design patent protection is subject to the payment of annuity fees from the year the patent right is granted.

Years	1-3	4-5	6-8	9-10
RMB	600	900	1,200	2,000

* Annuity fees subject to change by CNIPA

According to the coming new Patent Law, this increases to **15 years** from 1 June 2021.

Design Patent Enforcement

Before any official action can be taken to enforce your design patent rights in China, it is important to first gather and preserve evidence of the infringement such as screenshots, hyperlinks, photos and purchased product sample and get an **Evaluation Report** (Substantial Examination) issued by CNIPA.

However, only evidence collected and **notarized** by a Chinese public notary is accepted by the local SAMR and admissible at the People's Court.

Local SAMR

The simplest and quickest option is to file a complaint with the local SAMR where the alleged infringement is taking place (factory, fair or shop) by specifying the owned design patent rights as stated in the Design Patent Registration Certificate and presenting evidence such as collected/purchased product samples.

The local SAMR can then decide to carry out onsite inspections at local trade fairs and factories and stop the infringement by sealing or detaining the products, confiscating any unlawful gains, and imposing fines.

The local SAMR cannot award any damages which is the exclusive right of the People's Court. But they can impose a fine of up to four times the illegal income, and otherwise no more than **RMB 200,000**.

According to the coming new Patent Law this increases to **RMB 250,000** from 1 June 2021.

People's Court

To seek damages, the patent owner should file a lawsuit against the suspected infringer. This can be done through the special IP Courts in Beijing, Shanghai or Guangzhou or one of the regional IP Tribunals headed by specialized IP judges.

The People's Court can impose an injunction to stop the infringement, confiscate all the copied goods and equipment used, and award damages.

Damages are based on the actual losses suffered by the design patent owner or according to the profits made by the infringer.

If such losses or profits are difficult to determine, the amount of damages may be determined according to a reasonable multiplier amount of royalties for each infringed patent. Otherwise, the People's Court can award statutory damages from **RMB 10,000 - 1.0 million**.

According to the coming new Patent Law this increases to **RMB 30,000 - 5 million** from 1 June 2021.

The period of limitation for action against patent right infringement is two years starting from the date when the patent right holder or relevant party knows or should have known of the infringement.

General Administration of Customs (GAC)

To prevent the infringing party from exporting and selling the copied design products overseas, foreign companies can get their China patented design products registered with the GAC that operates an **IP Recordal System** that helps Customs officers to identify, confiscate and destroy any infringing products for export.

After the required information and documents have been recorded online with GAC, the approval takes about 30 days and valid for **10 years** or for the duration of the registered trademark (whichever is shortest).

Prevention First

Overseas SMEs considering or planning to sell their goods or services in China are always advised to register their trademarks prior to market entry to prevent others from taking control. However, this only protects the company name, brand, and logo but not the product design itself.

Since a registered design patent in Europe or elsewhere has no legal effect in China, foreign companies that compete on their unique product design features when selling to the Chinese consumers should prior to the launch of new design products make sure they have applied for a design patent in China. This sends a clear signal to local companies not to copy the products or face administrative and legal action.

Contact

Noam David Stern, Co-founder

noam@china-direct.biz

Mobile: +86 136 1169 1358

www.china-direct.biz

China-direct.biz is a business advisory & service firm in Shanghai that offers practical advice and supporting services to mostly Scandinavian companies with their market access, company establishments and business operations in China. Our partner team has a strong legal and business background combined with many years of experience in assisting foreign-invested companies in China.

©Copyright 2020 All rights reserved. The information contained herein is of a general nature and the author cannot be held liable for the accuracy and validity of the information and opinions expressed. Reproduction or redistribution of this material is not permitted without prior written consent by the author and china-direct.biz.